

Department of Social and Health Services

DP Code/Title: M2-CJ Balanced Budget Act Implementation
Program Level - 030 Mental Health

Budget Period: 2003-05 Version: 11 2003-05 Agency Request Budget

Recommendation Summary Text:

The Balanced Budget Act (BBA) of 1997, as passed by Congress, includes protections for clients enrolled in managed care plans. The major rules of the act effecting administration of managed care programs were published in final form in June 2002 and must be implemented no later than August 13, 2003. This decision package requests funding and FTEs for the changes the Mental Health Division (MHD) must implement to be in compliance.

Fiscal Detail:

Operating Expenditures

	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Program 030			
001-1 General Fund - Basic Account-State	3,071,000	3,093,000	6,164,000
001-C General Fund - Basic Account-DSHS Medicaid Federa	3,071,000	3,093,000	6,164,000
Total Cost	6,142,000	6,186,000	12,328,000

Staffing

	<u>FY 1</u>	<u>FY 2</u>	<u>Annual Avg</u>
Program 030 FTEs	8.0	8.0	8.0

Package Description:

The new BBA rules have a major impact on the prepaid health plans making them administratively equal to Health Maintenance Organizations (HMOs). The BBA will require that both the State MHD and the prepaid health plans (PHP) have in place many protections for clients enrolled in managed care programs. The Regional Support Networks (RSNs) are PHPs. As a PHP, the RSNs must abide by all the Medicaid rules. The RSNs have additional requirements due to the PHP portion of the contract. The mental health system will need to publish extensive benefit brochures, have expedited grievance and fair hearing processes, provide for both oral and written translation, develop quality strategies and performance indicators, and increase monitoring.

None of these requirements have been mandated to the mental health system in the intense manner that they are now being prescribed. Therefore, the costs of these services have not been incurred by the PHP or by the MHD, and are not included in either the capitation rate or the administration costs of the system.

Increased funding and FTEs are needed to meet these requirements. RSNs also need additional funding to meet these requirements.

Narrative Justification and Impact Statement

How contributes to strategic plan:

A major goal of the MHD strategic plan is to implement the new federal requirements in an efficient manner to ensure ongoing federal funding for the program.

Performance Measure Detail

Program: 030

**Goal: 05C Ensure prudent fiscal management at all levels of public
 mental health system**

No measures submitted for package

Incremental Changes

FY 1 FY 2

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Goal: 09C Optimize services within resources

Incremental Changes

FY 1

FY 2

No measures submitted for package

Reason for change:

Funding is needed to address the new federal regulation in a timely manner.

Impact on clients and services:

Clients will be more informed of their rights and protections under managed care. The system should be more responsive to client needs as quality improvement strategies including additional monitoring of the public mental health systems and performance indicator measurement are implemented.

Impact on other state programs:

None

Relationship to capital budget:

None

Required changes to existing RCW, WAC, contract, or plan:

The BBA will require much more administrative process in the contracts with the PHPs. The state must ensure that contracts include many items found in the new regulation.

WACs will need to be changed as a result of the BBA.

Alternatives explored by agency:

None. The state must become compliant with these new federal rules.

Budget impacts in future biennia:

All cost will continue into future biennia.

Distinction between one-time and ongoing costs:

All costs are ongoing.

Effects of non-funding:

Possible loss of federal financial participation.

Expenditure Calculations and Assumptions:

See attachment - MHD M2-CJ Balanced Budget Act Implementation.xls

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<u>Object Detail</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Program 030 Objects			
A Salaries And Wages	411,000	411,000	822,000
B Employee Benefits	87,000	87,000	174,000
C Personal Service Contracts	300,000	300,000	600,000
E Goods And Services	2,885,000	2,929,000	5,814,000
G Travel	7,000	7,000	14,000
N Grants, Benefits & Client Services	2,444,000	2,444,000	4,888,000
T Intra-Agency Reimbursements	8,000	8,000	16,000
Total Objects	6,142,000	6,186,000	12,328,000

DSHS Source Code Detail

Program 030		<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Fund 001-1, General Fund - Basic Account-State				
<u>Sources</u> <u>Title</u>				
0011 General Fund State	3,071,000	3,093,000	6,164,000	
<i>Total for Fund 001-1</i>	3,071,000	3,093,000	6,164,000	
Fund 001-C, General Fund - Basic Account-DSHS Medicaid Federa				
<u>Sources</u> <u>Title</u>				
19TA Title XIX Assistance (FMAP)	1,222,000	1,222,000	2,444,000	
19UL Title XIX Admin (50%)	1,849,000	1,871,000	3,720,000	
<i>Total for Fund 001-C</i>	3,071,000	3,093,000	6,164,000	
Total Program 030	6,142,000	6,186,000	12,328,000	